

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1825 - HB 1969

February 5, 2020

**SUMMARY OF BILL:** Authorizes the sale of lots within a subdivision plat prior to the plat receiving final approval by the regional or municipal planning commission.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – In the event local governments are required to provide infrastructure improvements to subdivision plats, the proposed legislation will result in a mandatory increase in local expenditures, the timing and extent of which cannot reasonably be determined.\***

Assumptions:

- Pursuant to Tenn. Code Ann. § 13-3-403 through § 13-3-410 and § 13-4-303 through § 13-4-306, regional and municipal planning commissions:
  - Adopt regulations governing the subdivision of land within their jurisdictions;
  - May require the installation of certain infrastructure improvements such as roads, water, and sewer prior to receiving final approval of a subdivision plat, or final approval may be granted prior to such installation if a surety bond is provided insuring the completion of such infrastructure;
  - Prohibit owners of land within a subdivision plat to transfer, sell, or negotiate the sale of land prior to the subdivision plat receiving final approval.
- The proposed language would authorize the sale of such land prior to the final approval of the subdivision plat, which may result in land being sold within the plat prior to completion or a surety bond issued for the completion of required infrastructure improvements.
- In the event property is sold and a subdivision plat developer does not complete needed infrastructure, it could result in litigation between a property purchaser and the subdivision plat developer. Any impact to the court system from an increase in such cases is estimated to be not significant.
- In the event a local government ultimately becomes responsible for providing infrastructure to such subdivision plats, it will result in a mandatory increase in local expenditures.
- The increase in local expenditures is dependent upon multiple unknown factors, including but not limited to, the extent of infrastructure which is required, and the size of the subdivision plat. Due to these unknown variables the timing and extent of any mandatory increase in local government expenditures cannot reasonably be determined.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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